



**2015 First Quarter
Conference Call
May 12, 2015**



Safe Harbor

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When discussing our business operations, we may use certain terms of art which are not defined under U.S. GAAP. In the event of any unintentional difference between presentation materials and our GAAP results, investors should rely on the financial information in our public filings.

Atlas Snapshot

NASDAQ: AFH (at 3/31/2015)	
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)
Core Target Markets	Taxi / Limo / Paratransit
Cash and Investments	\$211.8 million
Total Assets	\$366.8 million
Total Shareholders' Equity	\$118.0 million
Common Shares Outstanding	12.0 million basic / 12.6 million diluted
Book Value Per Common Share	\$9.23



COMMITMENT
since 1978

EXPERTISE
specialty commercial auto

2015 Q1 Financial and Operating Highlights

GPW

- Increased 44% in Q1 2015 to \$45.0 million

Geographic Expansion

- Reported at least 100% growth in 11 states in which the Company actively writes

Combined Ratio

- 84.3% for Q1 2015
- 8th straight quarter under 95%

Operating Income

- Operating income was \$5.3 million for the three month period ended March 31, 2015, or \$0.42 per common share diluted compared to \$2.2 million for the three month period ended March 31, 2014, or \$0.22 per common share diluted

ROE

- Annualized first quarter 2015 return on average common equity was 7.7%
- Excluding atypical acquisition related expenses, proforma annualized pre-tax ROCE was 14.8%

Q1 2015 Milestones

- Achieved record operating results
- Closed Global Liberty Acquisition
- Implemented a number of financial measures to support growth

2015 Q1 Atypical Items

Issuance of 940,500 additional preferred shares to former owner of Gateway Insurance as a result of favorable reserve development

M&A transaction fees related to March 2015 acquisition of Global Liberty Insurance
(without the benefit of a full quarter of underwriting performance)

Change in accounting for Federal Tax

Based on the Company's decision to write down the allowance against its DTA's at year end 2014, beginning with the three month period ended March 31, 2015, the Company will begin recording tax expense. In the first quarter 2015, the Company's reported income taxes of \$1.6 million compared to \$0 in the first quarter of 2014. Going forward, the Company expects to report the statutory tax rate of 35%.

Impact of Atypical Items

- Atypical costs related to acquisitions were \$1.7 million, or \$0.12 per diluted share (\$0.06 attributable to Global Liberty)
- Net income was \$3.8 million before tax and \$2.1 million, after tax compared to \$2.2 million
- Net earnings per diluted common share were \$0.17, after the impact of acquisition related expenses and dilution

2015 Q1 Financial and Underwriting Highlights

Premium Growth

GPW increased by 44.0% to \$45.0 million

- GPW increased 48.1% in core light commercial auto business

Strong Underwriting Results

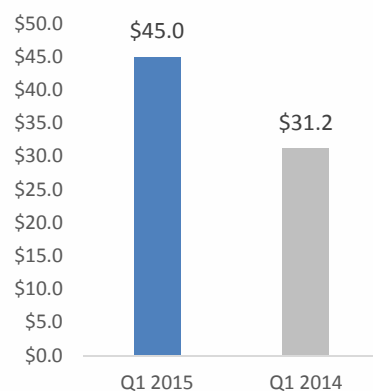
Combined ratio improved by 9.2 percentage points year-over-year to 84.3% (includes atypical impact of Gateway reserve reductions)

Book Value Growth

Atlas has increased book value in each of the past 10 quarters

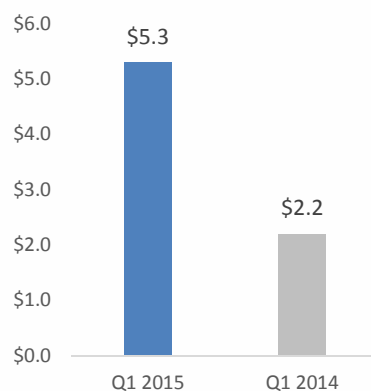
- \$9.23 at 3/31/2015 compared to \$9.08 at 12/31/2014 and \$6.79 at 3/31/2014

Gross Written Premium



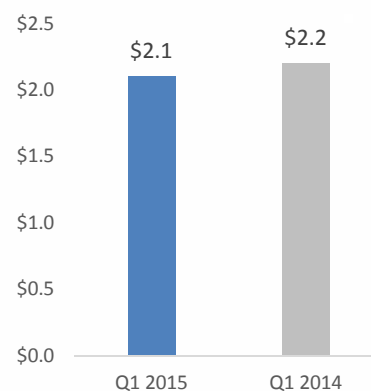
% Growth
44.0%

Operating Income



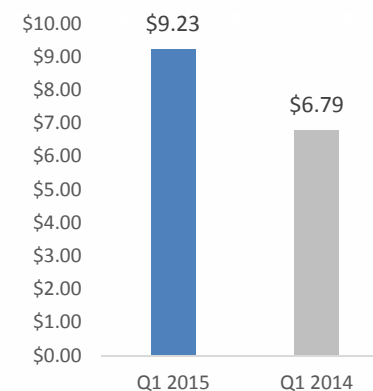
140.0%

Net Income *



* Q1 2015 includes impact of atypical acquisition related expenses and income tax expense

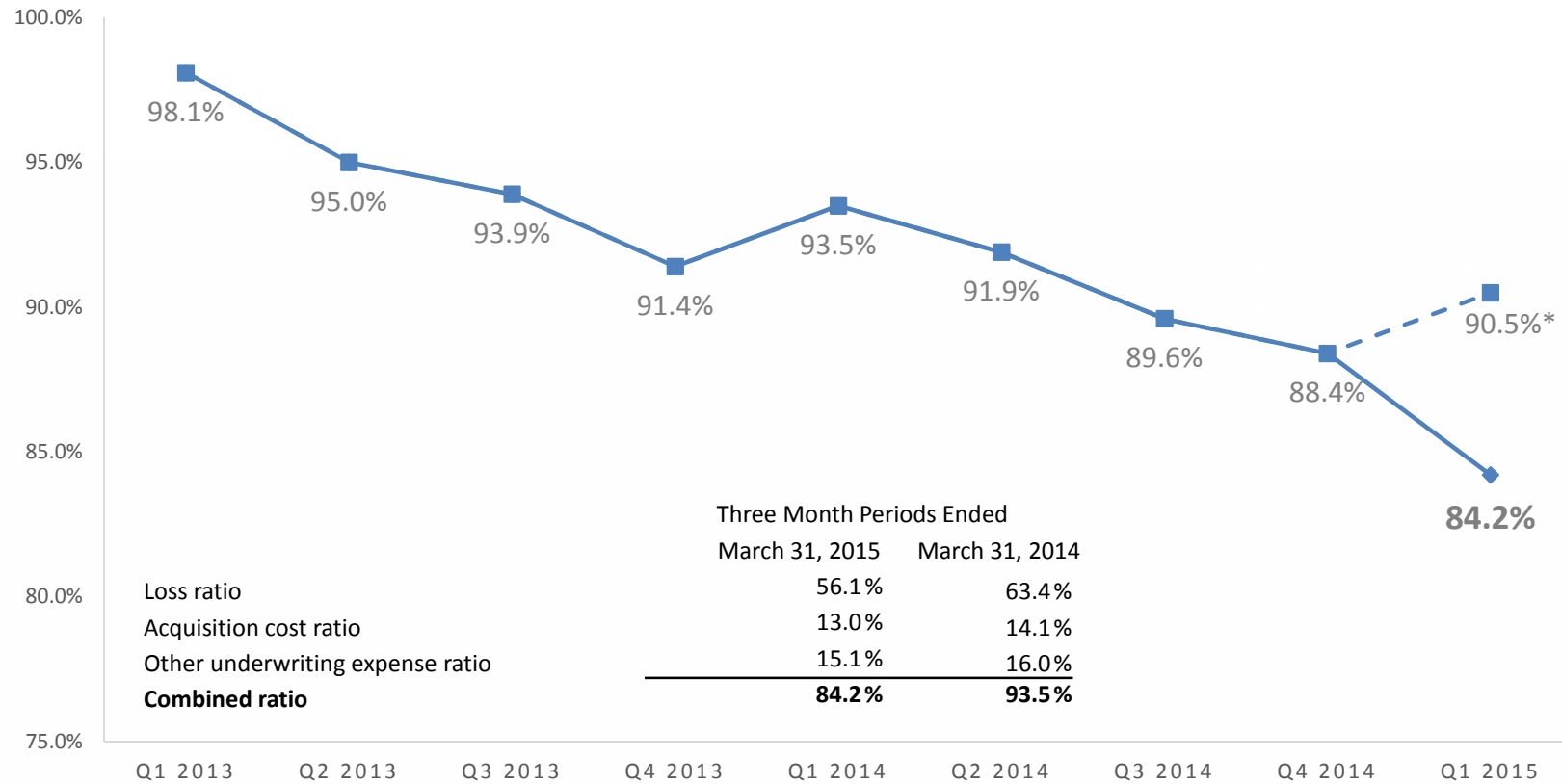
Book Value



35.9%

Considerable Underwriting Margin Improvement Since 2013 U.S. IPO

Combined Operating Ratio ("COR")



* Excluding the favorable development on Gateway's commercial auto program

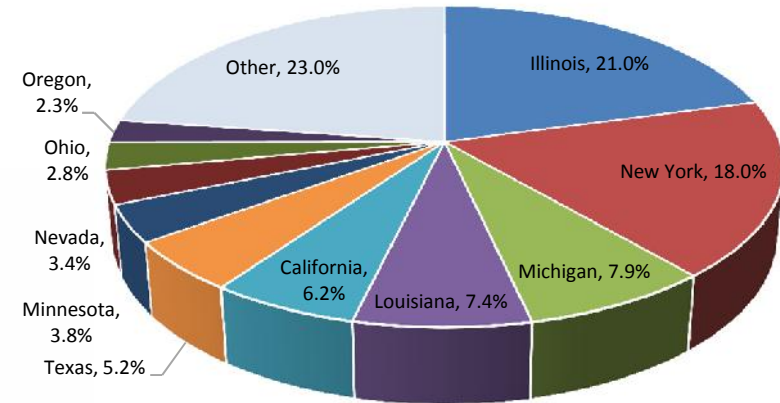
Geographic Diversification

Gross premium written by state (\$ in '000s)

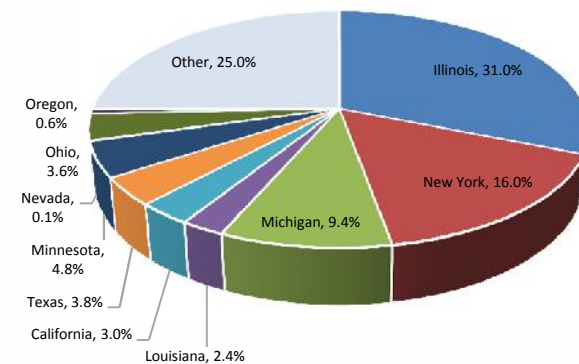
	Three Month Periods Ended					
	31-Mar-15			31-Mar-14		
Illinois	\$	9,379	21 %	\$	9,696	31 %
New York		7,912	18 %		5,044	16 %
Michigan		3,532	7.9 %		2,934	9.4 %
Louisiana		3,322	7.4 %		739	2.4 %
California		2,775	6.2 %		947	3 %
Texas		2,348	5.2 %		1,175	3.8 %
Minnesota		1,689	3.8 %		1,503	4.8 %
Nevada		1,550	3.4 %		44	0.1 %
Ohio		1,274	2.8 %		1,134	3.6 %
Oregon		1,055	2.3 %		204	0.6 %
Other		10,137	23 %		7,804	25 %
Total	\$	44,973	100 %	\$	31,224	100 %

- Growth in gross premium written in 28 states in the three month period ended March 31, 2015.
- Quarter over quarter growth of greater than 100% in 11 states
 - Strong growth in high potential markets such as California, Louisiana, Nevada, NY (Including Global Liberty acquisition)
- 17 states experienced growth of 50% or more as compared to the prior year period.

Gross premium written by state (%)
Quarter Ended 3/31/2015



Gross premium written by state (%)
Quarter Ended 3/31/2014

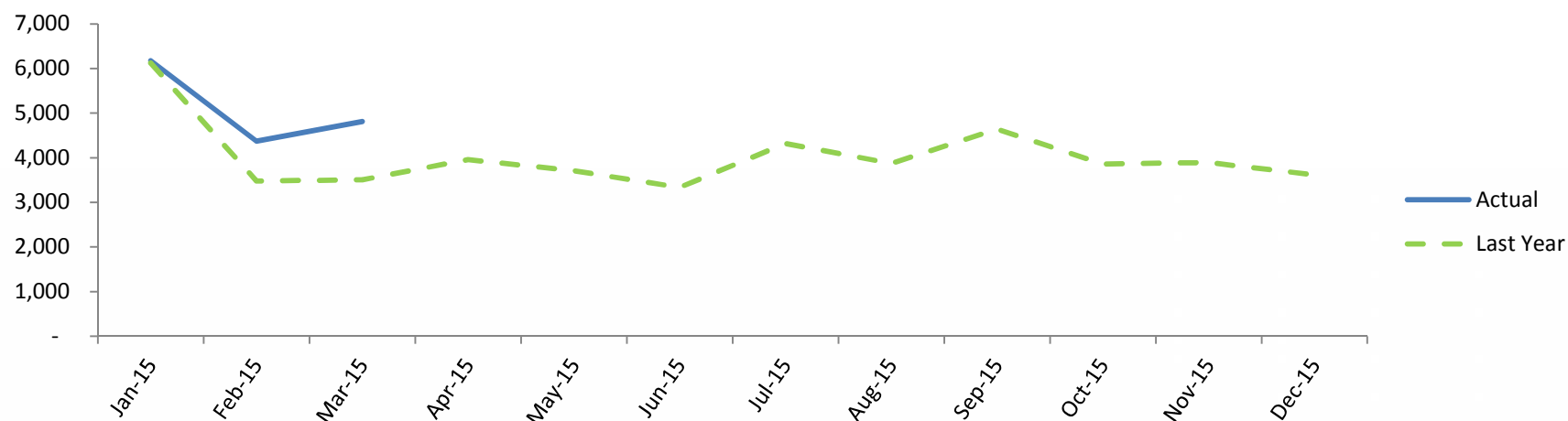


Operating Activities: Steady Growth in Submissions / VIF

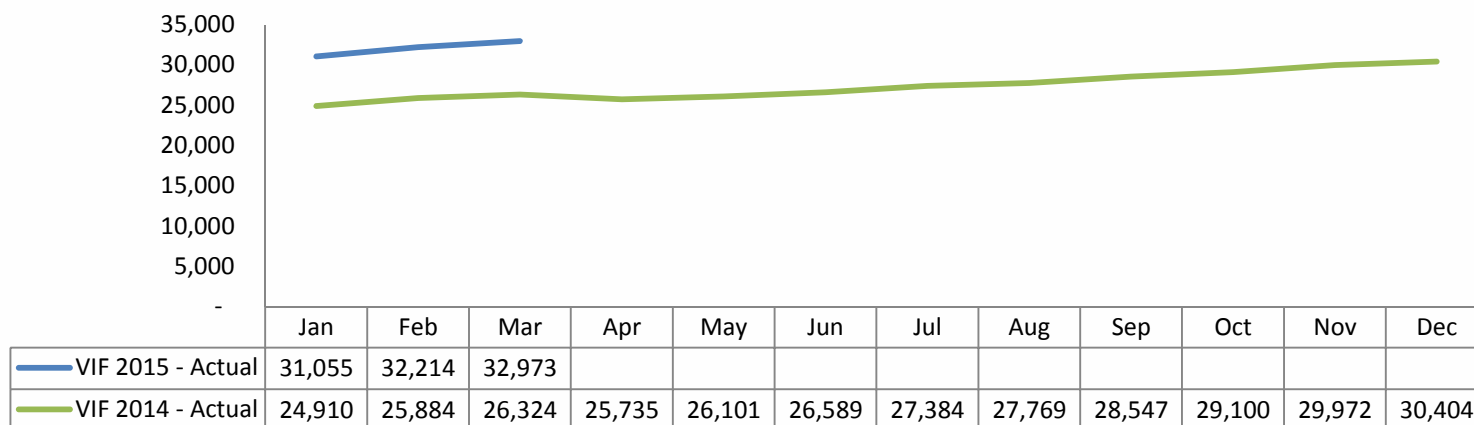
(commercial business only; excludes Global Liberty)

New Business Submissions

(Monthly Vehicles Submitted)

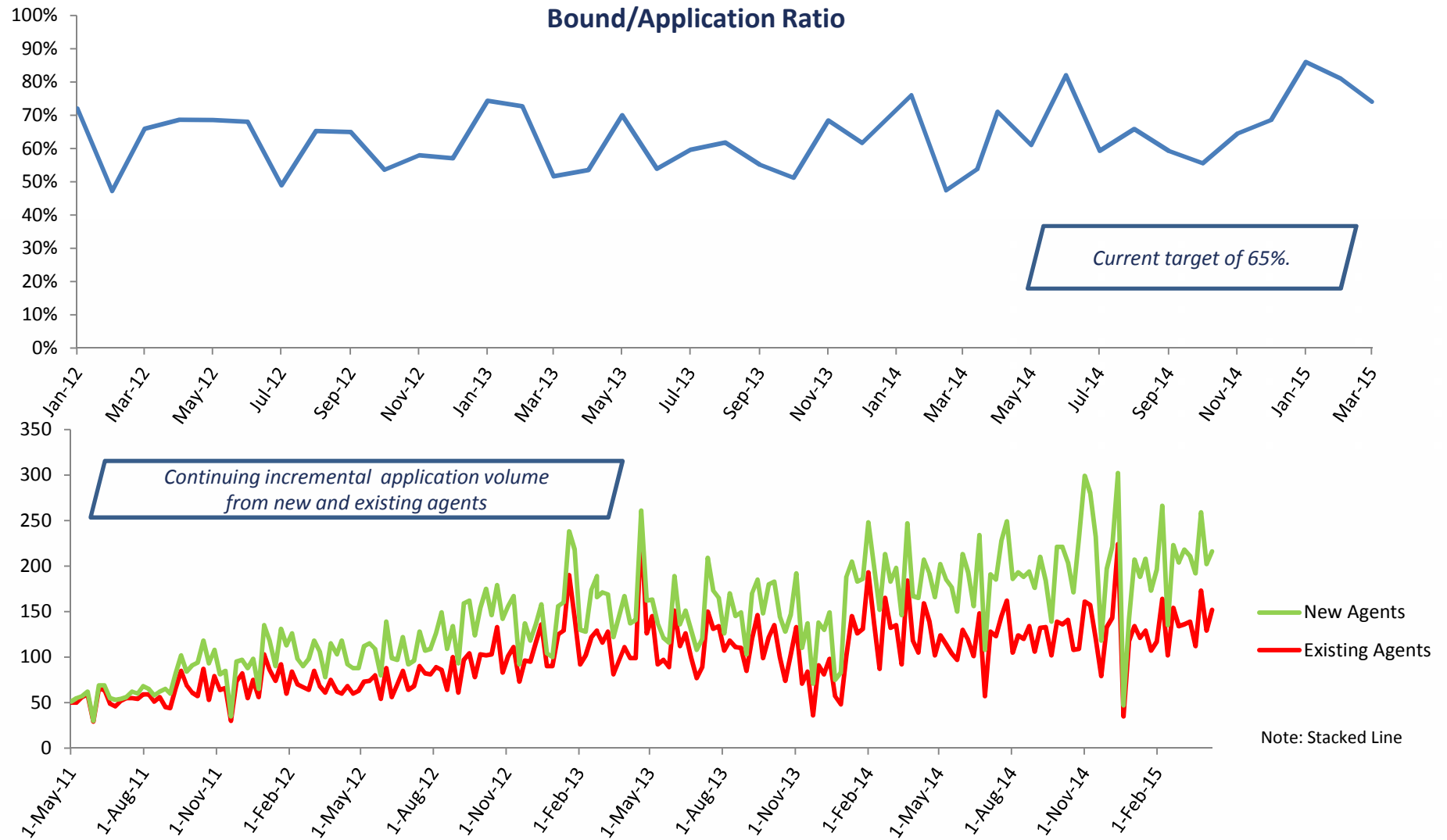


Vehicles in Force



Operating Activities: Consistent Binding Strategy

(commercial business only: excludes Global Liberty)

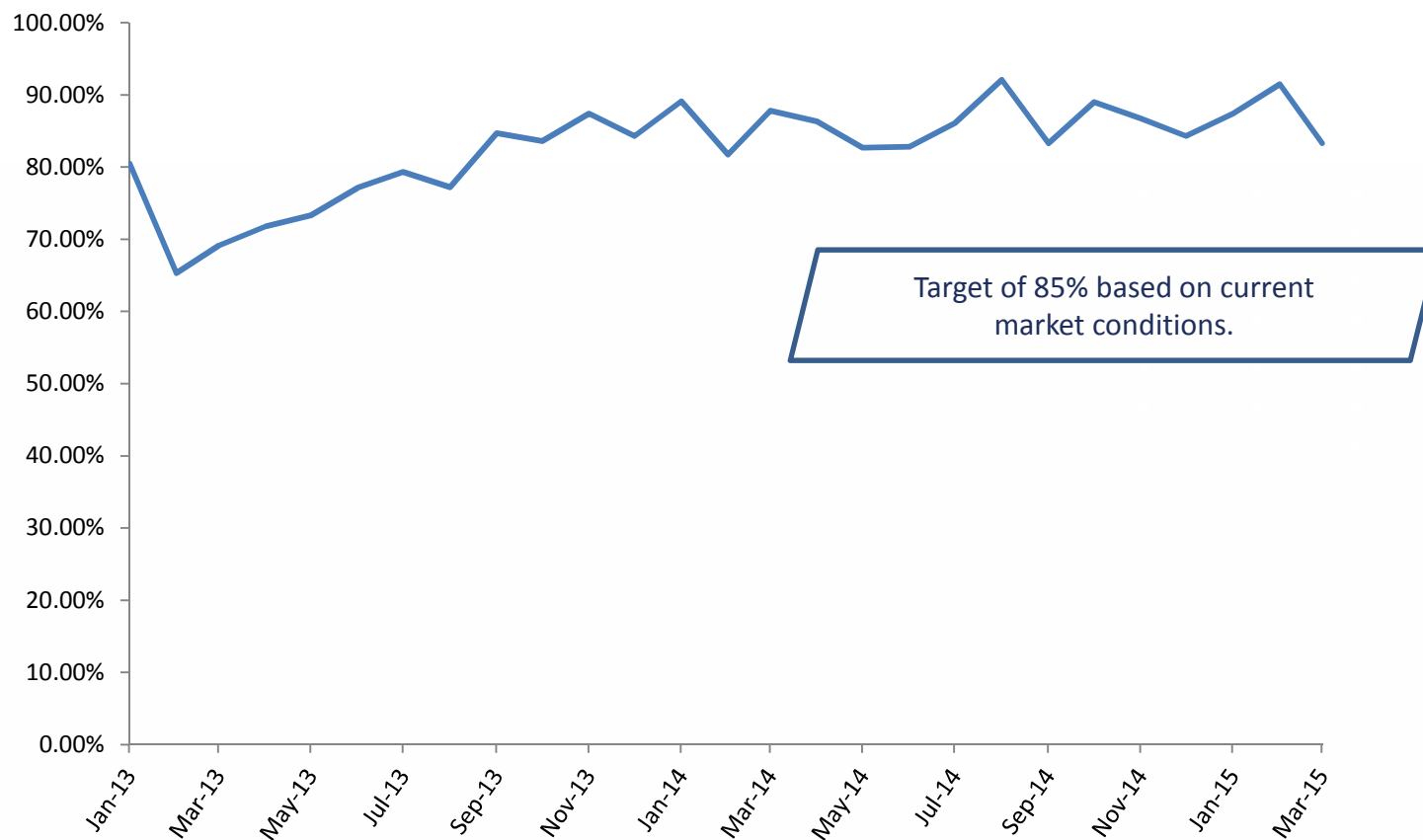


Retention and what it means to AFH

(excludes Global Liberty)



Renewal Retention
(Policy Count)



Market Overview



Correcting Pricing Misconceptions

- Atlas is continuing to see rate increases across all lines within its light commercial base (Taxi / Para-transit / Livery)
- Company is now beginning to see full effects of competitors exiting its niche market
- Commercial auto outperforming P&C at large

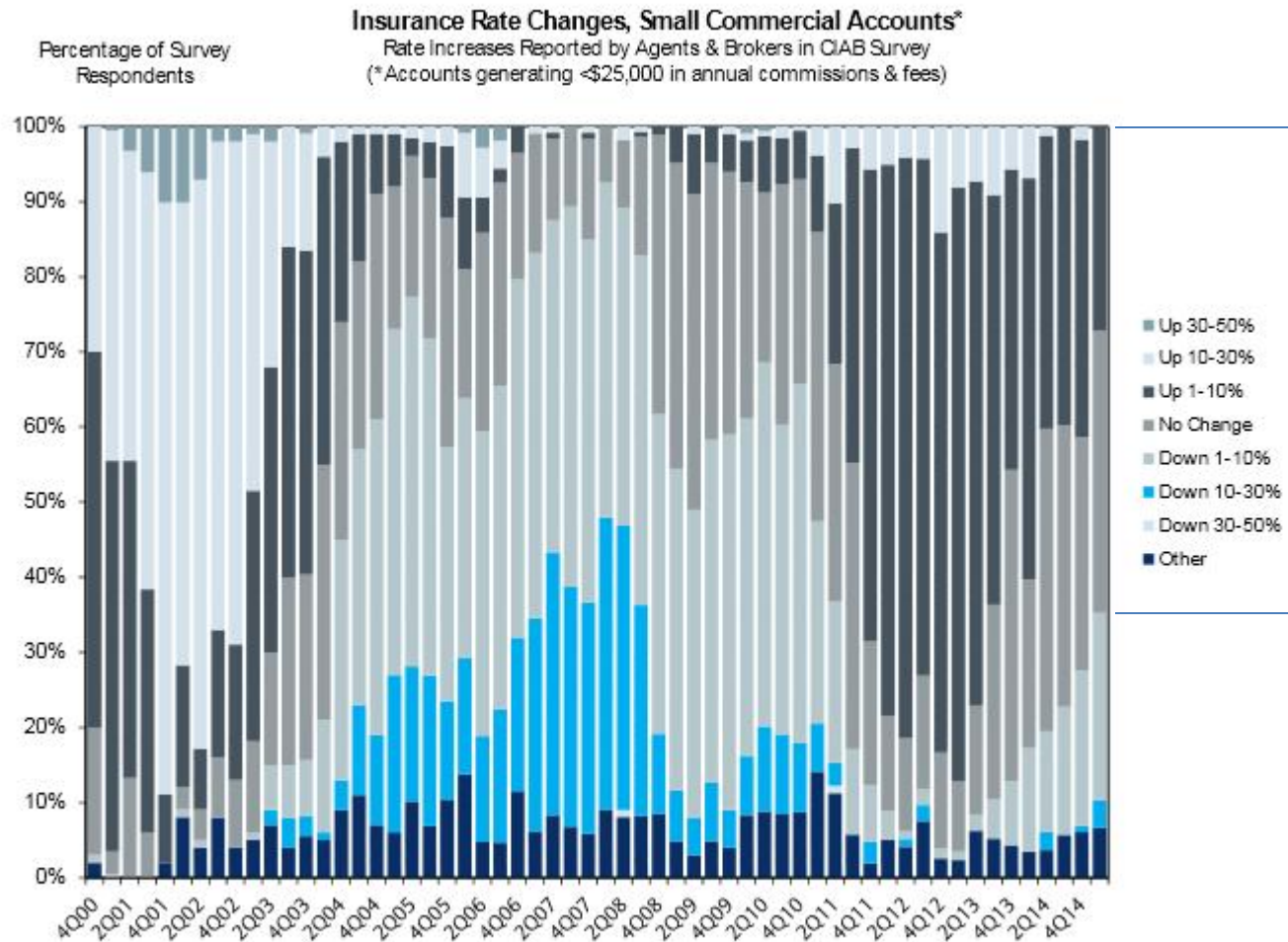
Commercial Auto is the best performing large segment within the P&C industry.

Small accounts continue to outperform large ones

	Comm'l Auto	Workers' Comp	Comm'l Property	Gen'l Liability	Umbrella	Average
First Quarter 2015	1.5%	-0.4%	-4.0%	-2.2%	-2.1%	-1.5%
Fourth Quarter 2014	3.0%	0.7%	-2.2%	-0.4%	-0.3%	0.1%
Third Quarter 2014	2.6%	2.3%	-1.6%	0.6%	0.6%	0.9%
Second Quarter 2014	1.7%	3.1%	-2.6%	0.1%	0.3%	0.5%
First Quarter 2014	3.3%	4.1%	0.0%	1.5%	1.7%	2.1%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Correcting Pricing Misconceptions



Approximately 65% of small accounts continue to experience firm to increasing rates

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Impact of Pricing Progression for Atlas Financial

Niche insurance business that produces underwriting profits through all market cycles

Loss Ratio 70%	Loss Ratio 60%	Loss Ratio 50%
Historical results from Atlas' insurance subsidiaries have continued to produce loss ratios in the 70% range during soft market cycles	Combined Ratio will drop as expenses continue to trend towards the following range.	Loss ratios for the insurance companies Atlas owns were in the low 50's for multiple years in prior hard market cycles.
Combined Ratio of 95 – 97% ¹	Combined Ratio of 85 – 87% ¹	Combined Ratio of 75 – 77% ¹
Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned	Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned	Current Investment Yield of 2.0% on total portfolio of 1.5X net premium earned
Tax rate of 35% ²	Tax rate of 35% ²	Tax rate of 35% ²
After tax ROE:	After tax ROE:	After tax ROE:
8% - 11%³	21% - 24%³	34% - 37%³

New business pricing below 60%

¹ Assumptions: Expense ratio of between 24.5%-26.5%

² Based on existing DTA's, the 1st \$2.6 mil of income is tax free from a cash perspective through 2032

³ Company operating at efficient scale with 2:1 NWP Surplus Ratio

Financial Highlights



Q1 2015 Financial Highlights (comparisons to prior year period)

- Gross premium written increased by 44.0% to \$45.0 million, including an increase of 48.2% in core commercial auto accounts with 1 – 10 units
- Underwriting results improved to \$4.8 million, an 235% increase
- Operating income was \$5.3 million, or \$0.42 per common share diluted
- Income before taxes was \$3.8 million, or \$0.30 per common share diluted, an increase of 71.5%
- Net income was \$2.1 million (which included \$1.7 million in total atypical acquisition related expenses and \$1.7 million of income tax expense), compared to \$2.2 million
- Earnings per common share diluted were \$0.17 (which included \$0.11 per share in atypical acquisition related expenses), compared to \$0.22

Target total expense ratio of 24.5% to 26.5%

2015 Q1 Operating Earnings to GAAP

	As Reported Q1 2015	Adjust for Full Qtr of Global Liberty	Eliminate Acquisition related costs and benefits	Pro-forma Q1 2015 results	As Reported Q1 2014
Gross premium written	\$44,973	\$11,689		\$56,662	\$31,224
Net premium earned	30,167	5,121		35,288	21,954
Losses on claims	16,932	3,577	1,900	22,409	13,919
Acquisition costs	3,918	550		4,468	3,090
Other underwriting expense	4,554	777		5,331	3,523
Net underwriting income	4,763	217	(1,900)	3,080	1,422
Net investment income	520	251		771	779
Income from operating activities, before tax	5,283	468	(1,900)	3,851	2,201
Less: Costs incurred related to acquisitions	1,692		(1,692)	0	0
Realized gains (losses) and other income	169	87		256	(9)
Net income before tax	3,760	556	(208)	4,108	2,192
Income tax expense	1,623	211	(391)	1,443	0
Net income	\$2,137	\$344	\$183	\$2,664	\$2,192
Key Financial Ratios:					
Loss ratio	56.1%	69.9%		63.5%	63.4%
Acquisition cost ratio	13.0%	10.7%		12.7%	14.1%
Other underwriting expense ratio	15.1%	15.2%		15.1%	16.0%
Combined Ratio	84.2%	95.8%		91.3%	93.5%
Operating earnings per share	\$0.42			\$0.31	\$0.22
Earnings per common share diluted - Before tax	\$0.30			\$0.32	\$0.22
Earnings per common share diluted - After tax	\$0.17			\$0.21	\$0.22
Return on common equity - Before Tax	13.7%			14.8%	13.7%
Return on common equity - After Tax	7.7%			9.5%	13.7%

Detailed Impact of Changes to Book Value per Common Share

Book value per common share was as follows:

As of: (in '000s, except for shares and per share data)	March 31, 2015	December 31, 2014
Shareholders' equity	\$ 117,963	\$ 109,399
Less: Preferred stock in equity	6,941	2,000
Less: Accumulated dividends on preferred stock	219	184
Common equity	\$ 110,803	\$ 107,215
Participative shares:		
Common shares outstanding	11,978,993	11,771,586
Restricted stock units (RSUs)	29,631	37,038
Total participative shares	12,008,624	11,808,624
Book value per participative share outstanding	\$ 9.23	\$ 9.08

Book value per common share of \$9.23 increased by \$0.15 relative to December 31, 2014 as follows:

\$0.29	increase related to net income after tax and before items below;
\$0.01	increase related to the change in realized investment after tax;
\$0.09	increase related to the change in unrealized gains/losses after tax;
(\$0.12)	decrease related to share based compensation; and
<u>(\$0.12)</u>	decrease related to expenses incurred with the acquisition of subsidiaries.
\$0.15	total change from December 31, 2015 book value per common share

Strong Balance Sheet

- **Attractive investment leverage**
- **Credit Facility:**
 - **\$5 million one-year revolver, LIBOR + 2.75%**
 - **\$30 million five-year draw facility, LIBOR + 4.5%**

(\$ in millions)	March 31, 2015	December 31, 2014
Cash and Investments	\$211.8	\$180.0
Total Assets	\$366.8	\$283.9
Claim Reserves (Gross of Reinsurance) ⁽¹⁾ ⁽²⁾ ⁽³⁾	\$130.4	\$102.4
Unearned Premiums	\$92.7	\$59.0
Total Shareholders' Equity	\$118.0	\$109.4

- **Acquisitions with adverse development protection**

(1) Atlas' purchase of American Country and American Service included \$10 million limit of adverse development protection (90% quota share after \$1 million) based on reserves as of September 30, 2010, which has not been utilized.

(2) Gateway Acquisition included \$2 million of adverse development protection

(3) Recently acquired Global Liberty included \$4 million of adverse development protection

Investment Portfolio

Conservative Investment Approach

- Emphasize preservation of capital, market liquidity to support payment of liabilities and diversification of risk
- Investment duration re-positioned to match core commercial auto reserve liabilities (4.7 years)

Investment Portfolio

- As of December 31, 2014, total investments equaled \$187.6 million, of which fixed income consisted of 90.4%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 53.1% AAA
- 81.5% A or better

Credit ratings of fixed income securities portfolio (in '000s)

As of:

AAA/Aaa

AA/Aa

A/A

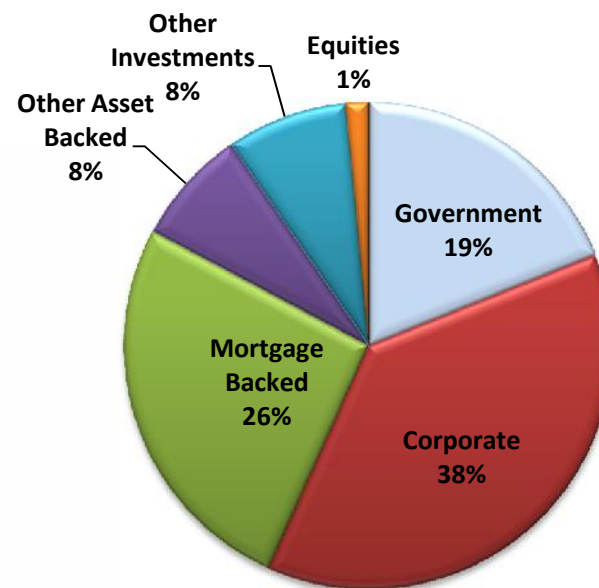
BBB/Baa

BB

CCC

Total Securities

Investment Portfolio (3/31/2015) ⁽¹⁾



		March 31, 2015		December 31, 2014	
		Amount	% of Total	Amount	% of Total
AAA/Aaa	\$	90,142	53.1 %	\$ 77,856	61.3 %
AA/Aa		16,449	9.7 %	10,897	8.6 %
A/A		31,654	18.7 %	22,206	17.5 %
BBB/Baa		30,790	18.1 %	15,990	12.6 %
BB		540	0.3 %	—	— %
CCC		138	0.1 %	—	— %
Total Securities	\$	169,713	100.0 %	\$ 126,949	100.0 %

(1) American Country Insurance Company, American Service Insurance Company, Inc. and Gateway Insurance Company

Outlook



Concluding Remarks

Favorable Outlook

- Company has implemented measures to manage its operating leverage as it grows, with the objective of self-
 - \$35 Million Line of credit from Fifth Third Bank
 - Quota share reinsurance
- Expect to exceed previously discussed \$200 million in gross premiums written in 2015
 - \$400 million in written premium is proportionate share
- Goal is to maximize ROE potential in the current cycle
 - Strong operating margins
 - Efficient and scalable capital structure
 - Operating leverage
- Discipline as market leader in niche business
 - Expertise
 - Focus
 - Underlying data
 - Strong brands
 - Difficult to replicate model

Goal

Atlas is targeting a high teens after-tax ROCE in 2015. Based upon its current growth trends and current market conditions, that Company believes that in subsequent years may exceed 20%.



Nasdaq: AFH

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